Multi-level marketing and direct selling of goods

5003. SHRI ANIL SHARMA : Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state :

(a) whether multi-level marketing, direct selling of goods and services is legal in India;

(b) whether Government are aware that some multi-level marketing companies like JLI and Frontier Trading are unnecessarily being harassed by the authorities in different States including Delhi;

(c) whether Government would take any preventive measures to ensure smooth functioning and to protect above companies against such harassment;

(d) whether Government have received any representation from the above companies in this regard; and

(e) if so, the action taken by Government thereon and by when all the States would be directed to stop such harassment?

THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (SHRI V. SREENIVASA PRASAD) : (a) to (e) There is apparently no legal provision against marketing systems such as direct selling/multi-level marketing of goods. However, some of these companies reportedly take deposits from agents in advance, complaints/ cases are lodged against them under the provisions of "Prize Chits and Money Circulation Scheme (Banning) Act, 1978". A few such cases are brought to our notice by some of these companies along with their representation such as M/s. Frontier Trading, Mumbai, Cantos Marketing Private Ltd., Hyderabad etc. Legal provision in this regard has been examined. It was found that as long as these companies are selling goods in the normal manner just like any other form of marketing of goods, Government need not have to make any special measure for preventing the alleged harassment. The Government of India have written to the Governments of all States/Union Territories to distinguish between Companies dealing with activities coming strictly under the purview of "Prize Chits and Money Circulation Scheme (Banning) Act, 1978" and those such as direct/ network/multi-level marketing dealing in the jurisdiction of goods so as to avoid harassment and commercial losses to bonafide investors.

Allocation of free quota Sugar to mills

5004. SHRI RAJKUMAR DHOOT : Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state :

(a) whether it is a fact that Government have taken a decision against free quota allocation to mills having court orders;